



Opportunity Zone Overview

The subject property is located within a designated Qualified Opportunity Zone. The information below has been derived from the Internal Revenue Service's website and highlights some of the main features about Opportunity Zones:

What is an Opportunity Zone?

An opportunity zone is an economically-distressed community where new investments, under certain conditions, may be eligible for preferential tax treatment. Localities qualify as opportunity zones if they have been nominated for that designation by the state and that nomination has been certified by the Secretary of the U.S. Treasury via his delegation of authority to the Internal Revenue Service.

What is the purpose of Opportunity Zones?

Opportunity zones are an economic development tool—that is, they are designed to spur economic development and job creation in distressed communities.

How do Opportunity Zones spur economic development?

Opportunity zones are designed to spur economic development by providing tax benefits to investors. First, investors can defer tax on any prior gains invested in a Qualified Opportunity Fund (QOF) until the earlier of the date on which the investment in a QOF is sold or exchanged, or December 31, 2026. If the QOF investment is held for longer than 5 years, there is a 10% exclusion of the deferred gain. If held for more than 7 years, the 10% becomes 15%. Second, if the investor holds the investment in the Opportunity Fund for at least ten years, the investor is eligible for an increase in basis of the QOF investment equal to its fair market value on the date that the QOF investment is sold or exchanged.

Do I need to live in an opportunity zone to take advantage of the tax benefits

No. You can get the tax benefits, even if you don't live, work or have a business in an opportunity zone. All you need to do is invest a recognized gain in a Qualified Opportunity Fund and elect to defer the tax on that gain.

We recommend you discuss and review opportunity zone information with your accountant for a complete review of how it can impact you. More comprehensive information about opportunity zones can be found on the IRS website at:

<https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions#general>

